

## How Does The Performance Management System Affect Salary Adjustments?

The system is designed to move employees to a position in their salary range that reflects their performance "over time." This means:

- performance that consistently exceeds expectations will, over time, put an employee's base compensation in the top quarter of the salary range
- performance that consistently meets expectations will, over time, put an employee's base compensation around the middle of the range
- performance that consistently does not meet expectations "settles" an employee's base compensation in the lower quarter of the salary range.

## How Do "Base" and "Non-Base" Fit Into The Picture?

The Performance Management System allows the supervisor to reward performance in a direct and timely way. Salary increases should reward **recent** performance. However, an employee's performance may change from rating period to rating period.

Thus, in order to be fair to the employee, the new system permits:

- permanent salary adjustments (base increases) to position an employee's salary in the correct part of the range, as defined by the employee's performance over time
- a lump sum payment (non-base increase) which reflects the quality of the employee's performance during the performance period.

For a more detailed explanation of how salary adjustments are made, talk with your supervisor.

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*Guiding  
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Delmarva Power's Performance Management Plan has been developed to provide you with a fair, consistent, and measurable system for evaluating your performance. The Plan allows employees and supervisors to work together in setting goals and encourages employees to talk with their supervisors about performance on a regular basis.

Whether you're a team leader or a team member, you play a vital role in making this system work.

We've prepared this brochure to help answer some of the questions you may have about the Performance Management Plan.

If you still have questions after reading the booklet, please refer to the Corporate Guidelines under 3-1-0-13. Or contact the personnel department at 429-3563, 429-3670, or 429-3450.

## What Is Performance Management?

Performance Management is an ongoing evaluation process which focuses on your individual performance while also evaluating your contributions to team and corporate performance.

The process begins when you and your supervisor define what goals need to be accomplished. You should keep in mind that meeting goals is not the only important factor in job performance. How you accomplish those goals is equally important. Therefore, the company has identified nine Manners of Performance which are the desired behaviors for every employee. As the evaluation process evolves, you will be judged both on what kind of job you do and how you do it.

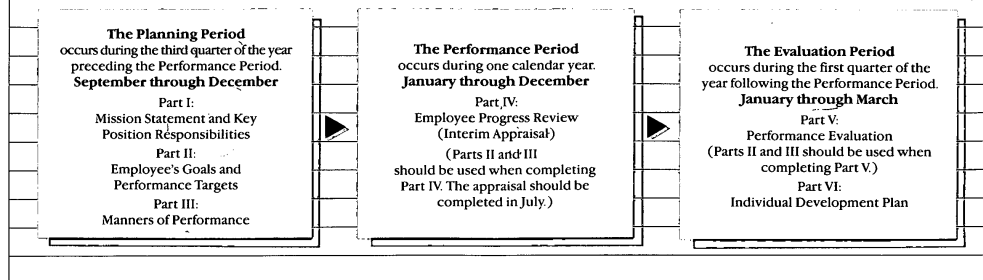
This method of performance evaluation helps employees and supervisors in setting expectations, achieving expectations, coaching performance, and promoting ongoing communications.

## What Are The Benefits?

The Performance Management Plan benefits employees by:

- allowing team members and supervisors to work together in setting unit goals
- providing a company-wide set of criteria for evaluating how employees do their jobs
- developing, rewarding, and recognizing employees based on their individual performance and their contribution to the company
- looking at performance on a continual basis rather than in a once-a-year appraisal
- promoting ongoing communications between supervisors and team members
- enhancing feedback between supervisors and team members
- helping to clarify expectations
- encouraging accountability for individual performance
- defining areas which need improvement.

## The Performance Management Cycle



Salary adjustments are made in April. This adjustment is based on your performance during the previous January through December performance period.

## How Does The Performance Management Plan Work?

The Plan is made up of a six-part evaluation form. Here's a breakdown of each area.

**PART I contains the Mission Statement for the employee's work unit and the Key Responsibilities for the employee's current position.** Part I should:

- be completed by the employee and supervisor with final approval by the supervisor
- be reviewed on an annual basis and updated if necessary
- be sent to the personnel department for the Corporate Job Description file
- be completed during the September through December planning period.

**PART II contains the Employee's Goals and Performance Targets.** Subject to periodic revision, this part of the evaluation is designed to prompt both the supervisor and employee to look at how the employee might contribute to team and corporate goals in the performance period (January through December). Part II should:

- be used as a tool in the evaluation of the employee's work on those goals at the end of the performance period
- be retained by the supervisor, with a copy given to the employee
- be used as a review mechanism for evaluating performance and goals
- be initiated during the September through December planning period.

**PART III contains the Manners of Performance.** This section is used to measure how the employee accomplishes the goals established in Part II. Part III should:

- be used throughout the performance period as a reference in completing Parts IV and V

- focus on how the employee does his or her job

- be discussed with the employee during the September through December planning period.

**PART IV is the Employee Progress Review or Interim Appraisal.** This appraisal should be conducted at least once during the performance period but should be done as often as needed to clarify expectations and to document performance. Part IV should:

- be conducted six months into the performance period
- be sent to the personnel department for the employee's personnel file.

**PART V is the Overall Evaluation to be developed after the performance period has been completed and before salary adjustments are made.** Part V should:

- be based on an evaluation of Parts II and III
- be discussed openly with the employee — with the employee encouraged to comment on the evaluation
- be signed by appropriate line management prior to being sent to the personnel department for the employee's personnel file
- be completed during the January through March evaluation period.

**PART VI is the employee's Individual Development Plan.** Part VI should:

- identify the specific development needs and interests of the employee
- be completed at the end of the employee's current cycle for completion during the next performance cycle
- be completed during the January through March evaluation period.